

# **Tobin & Co.**

Blair Township

Grand Traverse County, Michigan

Audit Report

For the Year Ended June 30, 2006

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name <b>Blair Township</b>	County <b>Grand Traverse</b>
Fiscal Year End <b>6/30/06</b>	Opinion Date <b>12/20/06</b>	Date Audit Report Submitted to State <b>12/29/06</b>	

We affirm that:

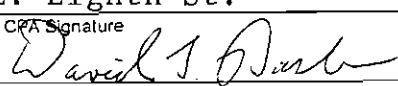
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO Check each applicable box below. (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
  - ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
  - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
  - ☒ ☐ The local unit has adopted a budget for all required funds.
  - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
  - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
  - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
  - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
  - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
  - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
  - ☒ ☐ The local unit is free of repeated comments from previous years.
  - ☒ ☐ The audit opinion is UNQUALIFIED.
  - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
  - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
  - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:		Enclosed	Not Required (enter a brief justification)	
Financial Statements		<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations		<input checked="" type="checkbox"/>		
Other (Describe)		<input type="checkbox"/>		
Certified Public Accountant (Firm Name) <b>Tobin &amp; Co., P.C.</b>		Telephone Number <b>231-947-0151</b>		
Street Address <b>400 E. Eighth St.</b>		City <b>Traverse City</b>	State <b>MI</b>	Zip <b>49686</b>
Authorizing CPA Signature 		Printed Name <b>DAVID L. BASLER</b>		License Number <b>1101013418</b>

# Tobin & Co.

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# **Tobin & Co.**

## INTRODUCTORY SECTION

# **Tobin & Co.**

## Comments and Recommendations

We have audited the basic financial statements and the individual fund financial statements of Blair Township, Grand Traverse County, for the year ended June 30, 2006 and have issued our report thereon. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Our study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal control of Blair Township taken as a whole. As a result of our examination, we respectfully submit the following comments and recommendations.

### General

Your present Clerk, Treasurer and Deputies maintain receipts journals, disbursements journals, general ledgers and account books prescribed in the Uniform Accounting Procedures developed by the State Department of Treasury. Except for some shortcomings, the records were well maintained. In a separate management letter, we have addressed these shortcomings and suggested measures which, if adopted, will improve the accounting procedures and records. Both the noted shortcomings and suggested measures have been discussed with the appropriate officials and, in some instances, these suggestions have already been implemented or have begun to be implemented. Comments and recommendations regarding items other than the accounting procedures and records themselves are as follows:

### Budgets and Procedures

The Township prepared and adopted budgets for its General and Special Revenue Funds. Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. As noted in the "Notes to the Financial Statements", no cost centers exceeded their expenditure budgets without formal amendment by the Township Board.

### General Fund

The General Fund is presented on Schedule 1 of this report. The fund balance at June 30, 2006 was \$477,796.

### Fire and Police Fund

This fund, presented on Schedule 2, was established to account for a special levy of 2.5 mills for fire and police protection. The fund balance at June 30, 2006 was \$235,621 of which \$4,468 was restricted.

### Ambulance Fund

This fund, presented on Schedule 3, is used to account for the special voted tax of 1.4614 mills for ambulance service, for fees received for ambulance runs and other income earmarked for this fund. Revenues for the audit year totaled \$558,358 and expenditures were \$504,790. The fund balance at June 30, 2006 was \$346,401 of which \$103,516 was restricted.

### Liquor Law Enforcement Fund

This fund, presented on Schedule 4, is used to account for liquor license fees refunded by the State of Michigan. Such fees may be used only for enforcement of the State liquor laws. The fund balance at June 30, 2006 was \$2,140.

### Property Tax Collections

The collection and distribution of the 2005 tax levy was handled in an excellent manner by the Township Treasurer. Paid receipts were filed in order of payment and supported by computer printouts. Deposits were made timely and intact. Distributions to taxing units during the collection period were in accordance with statutory requirements. The Treasurer's efforts in this important function are commendable.

See Schedule 6 for a summary of the 2005 tax levy and collections.

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## Comments and Recommendations

### Pension Plan

We noted that the Township has a pension plan for its elected officials and full-time employees through Municipal Retirement Systems, Inc. The Township pays 100% of the cost. The Board has amended its §218 Social Security agreement to include those covered by the pension plan.

### Payroll Procedures

Payroll records were maintained in excellent order. Payroll tax returns and year-end reports were filed timely as required.

### Insurance and Surety Bond Coverage

Records reflect that the Township is insured through Municipal Underwriters of Michigan and has such coverage as fire and extended coverage, general liability, errors and omissions, auto liability, workmen's compensation, equipment and crime coverage. Board minutes indicate that coverage was reviewed during the audit year. The Supervisor, Clerk, Treasurer, and their deputies have specific surety bond coverage, along with a general surety bond covering all other employees.

### Accounts Receivable

We noted that accounts receivable, covering charges for ambulance runs, are being maintained on a current basis by a contractual billing service. Billings are made each month, followed by a second and a final billing for uncollected accounts. Court action is taken on accounts of more than 90 days.

### Other Data

We are pleased to note the use of interest bearing depository accounts, and the purchase of certificates of deposit and other investment practices which resulted in earned interest of \$26,959 during the audit year. This is commendable on the part of the Treasurer and other Board members.

After completion of our audit, we will submit the necessary copies of our report to the State Department of Treasury.

We again commend the Clerk and Treasurer for the condition of the Township accounting records. We further appreciate the courtesy extended our field examiners in the conduct of this audit.

Your confidence is respected. Please contact us if questions arise or assistance is needed.

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## FINANCIAL SECTION

# Tobin & Co.

## REPORT OF INDEPENDENT AUDITOR

To the Township Board  
Blair Township  
Grand Traverse County  
Grawn, Michigan 49637

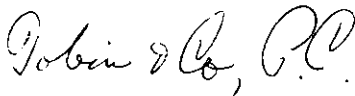
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of Blair Township as of and for the year ended June 30, 2006, which collectively comprise the Township's basic financial statements, as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of Blair Township at June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Table of Contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements of Blair Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



TOBIN & CO., P.C.  
Certified Public Accountants  
December 20, 2006

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## BLAIR TOWNSHIP MANAGEMENT DISCUSSION AND ANALYSIS

As the Township Board of the Blair Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of Blair Township for the fiscal year ended June 30, 2006.

### Financial Highlights

The assets of Blair Township exceeded its liabilities at the close of the most recent fiscal year by \$12,191,373 (net assets). Of this amount, \$12,191,373 (unrestricted net assets) may be used to meet the Township's ongoing obligations to citizens and creditors.

At the close of the current fiscal year, Township's governmental funds reported combined ending fund balances of \$1,061,958 (an increase of \$127,561 in comparison with the prior year). Approximately 90% of the total amount, \$953,974 is available for spending at the Township's discretion (unreserved fund balance).

At the end of the current fiscal year, unreserved fund balance for the general fund was \$477,796, or 57% of the total general fund expenditures.

The Township's total debt was \$11,653,467 at the end of the current fiscal year.

### Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the Blair Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

**Government-wide financial statements** – The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The **statement of net assets** presents information on all of the Township's assets and liabilities, with the difference between the two reported as **net assets**. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The **statement of activities** presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (**business-type activities**). The governmental activities of the Township include general government, public safety, road projects, and recreation. The business-type activities of the Township include the water system and sewer system.

The government-wide financial statements can be found on pages 12 and 13 of this report.

**Fund Financial Statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Blair Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds:

**Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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Blair Township maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire and Police Fund and Ambulance Fund, which are considered to be major funds. Data from the other governmental fund is presented in a single column. Individual fund data for this non-major governmental fund is provided in the form of a statement elsewhere in this report.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and other major funds to demonstrate compliance with this budget.

**Proprietary Funds** – Blair Township maintains two proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses an enterprise fund to account for its water and sewer activity.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 23 of this report.

**Notes to the Financial statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 30 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found on pages 31 through 40 of this report.

## Government-wide Financial Analysis

As noted earlier, net assets may serve, over time, as a useful indicator of a government's financial position. In the case of Blair Township, assets exceeded liabilities by \$12,191,373 at the close of the most recent fiscal year.

The Township used its capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Blair Township Net Assets

	Governmental Activities 2006	Governmental Activities 2005	Business Activities 2006	Business Activities 2005	Total 2006	Total 2005
Current and Other Assets	\$ 1,138,819	\$ 1,014,064	\$ 12,101,212	\$ 3,202,045	\$ 13,240,031	\$ 4,216,109
Capital Assets	795,932	779,513	9,808,877	6,866,547	10,604,809	7,646,060
Total Assets	1,934,751	1,793,577	21,910,089	10,068,592	23,844,840	11,862,169
Current and Other Liabilities	39,114	113,997	52,190	69,171	91,304	183,168
Long-term Liabilities	21,659	42,455	11,540,504	6,130,000	11,562,163	6,172,455
Total Liabilities	60,773	156,452	11,592,694	6,199,171	11,653,467	6,355,623
Net Assets:						
Invested in Capital Assets, Net of Related Debt	774,273	737,058	(1,731,627)	736,547	(957,354)	1,473,605
Unrestricted	1,099,705	900,067	12,049,022	3,132,874	13,148,727	4,032,941
Total Net Assets	\$ 1,873,978	\$ 1,637,125	\$ 10,317,395	\$ 3,869,421	\$ 12,191,373	\$ 5,506,546

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At the end of the current fiscal year, the Township is able to report positive balances in unrestricted net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The Township's net assets increased by \$6,684,829 during the current fiscal year as discussed below.

**Governmental Activities** – Governmental activities increased the Township's net assets by \$236,853.

**Business-type Activities** – Business-type activities increased the Township's net assets by \$6,447,976, due primarily to a new sewer special assessment.

	Governmental Activities 2006	Governmental Activities 2005	Business Activities 2006	Business Activities 2005	Total 2006	Total 2005
Program Revenues:						
Charges for Services	\$ 374,872	\$ 429,267	\$ 1,183,964	\$ 566,708	\$ 1,558,836	\$ 995,975
Operating Grants and Contributions	61,010	10,453	5,857,913	-	5,918,923	10,453
General Revenues:						
Property Taxes	871,446	774,615	-	-	871,446	774,615
State Shared Revenues	470,943	471,549	-	-	470,943	471,549
Unrestricted Investment Earnings	31,559	17,886	158,588	18,698	190,147	36,584
Miscellaneous	33,316	20,206	-	-	33,316	20,206
<b>Total Revenues</b>	<b>1,843,146</b>	<b>1,723,976</b>	<b>7,200,465</b>	<b>585,406</b>	<b>9,043,611</b>	<b>2,309,382</b>
Program Expenses:						
Legislative	111,358	128,636	-	-	111,358	128,636
General Government	483,367	507,903	-	-	483,367	507,903
Public Safety	972,995	967,566	-	-	972,995	967,566
Public Works	16,511	35,165	752,489	701,296	769,000	736,461
Recreation and Cultural	20,301	15,566	-	-	20,301	15,566
Interest on Long-term Debt	1,761	2,590	-	-	1,761	2,590
<b>Total Expenses</b>	<b>1,606,293</b>	<b>1,657,426</b>	<b>752,489</b>	<b>701,296</b>	<b>2,358,782</b>	<b>2,358,722</b>
<b>Change in Net Assets</b>	<b>\$ 236,853</b>	<b>\$ 66,550</b>	<b>\$ 6,447,976</b>	<b>\$ (115,890)</b>	<b>\$ 6,684,829</b>	<b>\$ (49,340)</b>

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

### Financial Analysis of the Township's Funds

As noted earlier, the Township used fund accounting to ensure and demonstrate compliance with finance-related legal requirement.

**Governmental Funds** – The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a Township's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,061,958, an increase of \$127,561 in comparison with the prior year. 90% of this total amount (\$953,947) constitutes unreserved fund balance, which is available for spending at the Township's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to fire membership incentives (\$4,468) and ambulance replacement (\$103,516).

#### General Fund Highlights

During the 2005-2006 fiscal year, Blair Township completed an addition to the Township Hall; creating 2 new offices, started construction on a commercial district sewer project, and became a member of Grand Traverse County Department of Public Works. The general fund ended fiscal year with an unrestricted fund balance of \$477,796, an increase of \$23,660 over the prior fiscal year.

#### Fire and Police Fund Highlights

The Fire and Police Fund ended the 2005-2006 fiscal year with an unrestricted balance of \$231,153, an increase of \$49,754 over the prior fiscal year.

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## **Ambulance Fund Highlights**

The Ambulance Fund ended the fiscal year with an unrestricted balance of \$242,885, an increase of \$1,975 over the prior fiscal year; the restricted ambulance replacement fund increased \$51,593 to \$103,516.

## **Capital Asset and Debt Administration**

**Capital Assets** – The Township’s investment in capital assets for its governmental and business-type activities as of June 30, 2006 amounts to \$10,553,382 (net of accumulated depreciation). This investment in capital assets includes land, buildings, water and sewer systems, improvements, machinery and equipment, park facilities, etc.

Details of the Township’s capital assets are contained in the notes to the financial statements on page 27.

**Long-term debt** – At the end of the current fiscal year, the Township had total bonded and installment debt outstanding of \$11,562,163. This amount comprises debt backed by the full faith and credit of the government.

Additional information on the Township’s long-term debt can be found in the notes on pages 28.

## **Economic Factors and Next Year’s Budget and Rates**

The State of Michigan still has a high unemployment rate and possible lower than expected revenues, which could result in decreases in state shared revenues. Blair Township will continue to monitor its revenues for shortfalls and take measures to insure the integrity of its financial condition. The Township’s millage rate has been rolled back again by the Headlee Amendment to .8336 mills for general operations. The Township has presented a budget for the 2006-2007 fiscal year which take in consideration in the above mentioned factors and has general fund budget appropriating expenditures in excess of revenues in the amount of \$107,531.

Blair Township will complete the commercial district sewer project, make up-grades to the water treatment plant, and acquire property for a water system storage tank. Replacement of playground equipment in the Township Park is being planned with privately raised funds.

The Township is in the process of hiring a consulting firm to study the feasibility of a Township Fire Department vs. being part of the county fire system. The Township is also increasing the paramedic staffing to reduce overtime. The paramedic “Echo” vehicle will be replaced this fiscal year.

## **Requests for Information**

This financial report is designed to provide a general overview of Blair Township’s finances for all those with an interest in the Township’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Supervisor, Blair Township, 2121 County Road 633, Grawn, MI 49637. Phone (231) 276-9263.

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## Blair Township Statement of Net Assets June 30, 2006

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 1,024,009	\$ 4,734,035	\$ 5,758,044
Investments	-	783,569	783,569
Accounts Receivable	73,297	32,136	105,433
Allowance for Uncollectible Accounts	(25,000)	-	(25,000)
Special Assessments Receivable	18,248	6,551,472	6,569,720
Due from Other Funds	808	-	808
Prepaid Expenses	47,457	-	47,457
Capital Assets:			
Land	105,748	-	105,748
Other Capital Assets, Net of Depreciation	576,335	9,713,998	10,290,333
Intangible Assets, Net of Amortization	<u>113,849</u>	<u>94,879</u>	<u>208,728</u>
Total Assets	<u>1,934,751</u>	<u>21,910,089</u>	<u>23,844,840</u>
<u>Liabilities</u>			
Accounts Payable and Accrued Expenses	39,114	52,190	91,304
Long-term Liabilities:			
Due Within One Year	21,659	328,333	349,992
Due in More Than One Year	<u>-</u>	<u>11,212,171</u>	<u>11,212,171</u>
Total Liabilities	<u>60,773</u>	<u>11,592,694</u>	<u>11,653,467</u>
<u>Net Assets</u>			
Invested in Capital Assets and Intangible Assets, Net of Related Debt	774,273	(1,731,627)	(957,354)
Unrestricted net assets of special revenue funds:			
Fire and Police Protection	235,621	-	235,621
Ambulance Service	346,401	-	346,401
Liquor Inspections	2,140	-	2,140
Unrestricted	<u>515,543</u>	<u>12,049,022</u>	<u>12,564,565</u>
Total Net Assets	<u>\$ 1,873,978</u>	<u>\$10,317,395</u>	<u>\$12,191,373</u>

See Accompanying Notes to Basic Financial Statements

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## Blair Township Statement of Activities June 30, 2006

Functions/Programs	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities:						
Legislative	\$ 111,358	\$ -	\$ -	\$ (111,358)	\$ -	\$ (111,358)
General Government	483,367	98,273	50,376	(334,718)	-	(334,718)
Public Safety	972,995	276,599	2,100	(694,296)	-	(694,296)
Public Works	16,511	-	8,534	(7,977)	-	(7,977)
Recreation and Cultural	20,301	-	-	(20,301)	-	(20,301)
Interest on Long-term Debt	<u>1,761</u>	<u>-</u>	<u>-</u>	<u>(1,761)</u>	<u>-</u>	<u>(1,761)</u>
Total Governmental Activities	<u>1,606,293</u>	<u>374,872</u>	<u>61,010</u>	<u>(1,170,411)</u>	<u>-</u>	<u>(1,170,411)</u>
Business-type Activities:						
Water	625,281	897,933	-	-	272,652	272,652
Sewer	<u>127,208</u>	<u>286,031</u>	<u>5,857,913</u>	<u>-</u>	<u>6,016,736</u>	<u>6,016,736</u>
Total Business-type Activities	<u>752,489</u>	<u>1,183,964</u>	<u>5,857,913</u>	<u>-</u>	<u>6,289,388</u>	<u>6,289,388</u>
General Revenues:						
Property Taxes				871,446	-	871,446
Grants and Contributions Not Restricted To Specific Programs				470,943	-	470,943
Unrestricted Investment Earnings				31,559	158,588	190,147
Miscellaneous				<u>33,316</u>	<u>-</u>	<u>33,316</u>
Total General Revenues				1,407,264	158,588	1,565,852
Change in Net Assets				236,853	6,447,976	6,684,829
Net Assets – Beginning				<u>1,637,125</u>	<u>3,869,419</u>	<u>5,506,544</u>
Net Assets – Ending				<u>\$ 1,873,978</u>	<u>\$10,317,395</u>	<u>\$12,191,373</u>

See Accompanying Notes to Basic Financial Statements

# Tobin & Co.

## Blair Township Balance Sheet Governmental Funds June 30, 2006

	<u>General</u>	<u>Fire and Police</u>	<u>Ambulance</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and Cash Equivalents	\$ 478,358	\$ 233,779	\$ 307,841	\$ 4,031	\$ 1,024,009
Accounts Receivable, Net	16,091	-	32,206	-	48,297
Due from Other Funds	2,699	1,842	6,354	-	10,895
Prepaid Expenses	<u>3,641</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,641</u>
Total Assets	<u>\$ 500,789</u>	<u>\$ 235,621</u>	<u>\$ 346,401</u>	<u>\$ 4,031</u>	<u>\$ 1,086,842</u>
<u>Liabilities and Fund Balances</u>					
<u>Liabilities:</u>					
Accounts Payable and Accrued Expenses	\$ 14,797	\$ -	\$ -	\$ -	\$ 14,797
Due to Other Funds	<u>8,196</u>	<u>-</u>	<u>-</u>	<u>1,891</u>	<u>10,087</u>
Total Liabilities	<u>22,993</u>	<u>-</u>	<u>-</u>	<u>1,891</u>	<u>24,884</u>
<u>Fund Balances:</u>					
Restricted for:					
Membership Incentive	-	4,468	-	-	4,468
Ambulance Replacement	-	-	103,516	-	103,516
Unrestricted	<u>477,796</u>	<u>231,153</u>	<u>242,885</u>	<u>2,140</u>	<u>953,974</u>
Total Fund Balances	<u>477,796</u>	<u>235,621</u>	<u>346,401</u>	<u>2,140</u>	<u>1,061,958</u>
Total Liabilities and Fund Balances	<u>\$ 500,789</u>	<u>\$ 235,621</u>	<u>\$ 346,401</u>	<u>\$ 4,031</u>	

Amounts reported for governmental activities on the statement of net assets are different because:

Capital and intangible assets used in governmental activities are not financial resources and therefore are not reported in the funds.

795,932

Some prepaid assets used in governmental activities are not financial resources and therefore are not reported in the funds.

43,816

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

18,248

Some liabilities, including notes payable and certain accrued expenses, are not due and payable in the current period and therefore are not reported in the funds.

(45,976)

Net assets of governmental activities.

\$ 1,873,978

See Accompanying Notes to Basic Financial Statements

# Tobin & Co.

## Blair Township Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2006

	<u>General</u>	<u>Fire and Police</u>	<u>Ambulance</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Revenues</u></b>					
Taxes	\$ 180,223	\$ 424,791	\$ 266,432	\$ -	\$ 871,446
Licenses and Permits	79,074	-	-	-	79,074
Federal Grants	50,376	-	-	-	50,376
State Grants	479,477	-	-	2,100	481,577
Charges for Services	19,199	2,250	274,349	-	295,798
Interest and Rents	37,093	9,273	5,193	-	51,559
Other	<u>18,266</u>	<u>10,052</u>	<u>12,384</u>	<u>-</u>	<u>40,702</u>
Total	<u>863,708</u>	<u>446,366</u>	<u>558,358</u>	<u>2,100</u>	<u>1,870,532</u>
<b><u>Expenditures</u></b>					
Legislative	111,358	-	-	-	111,358
General Government	480,513	-	-	-	480,513
Public Safety	92,781	396,412	463,754	1,521	954,468
Public Works	60,318	-	-	-	60,318
Recreation and Cultural	14,846	-	-	-	14,846
Debt Service	-	-	22,557	-	22,557
Capital Outlay	<u>80,232</u>	<u>200</u>	<u>18,479</u>	<u>-</u>	<u>98,911</u>
Total	<u>840,048</u>	<u>396,612</u>	<u>504,790</u>	<u>1,521</u>	<u>1,742,971</u>
Excess Revenues (Expenditures) and Net Change in Fund Balances	23,660	49,754	53,568	579	127,561
Fund Balance – Beginning of Year	<u>454,136</u>	<u>185,867</u>	<u>292,833</u>	<u>1,561</u>	<u>934,397</u>
Fund Balance – End of Year	<u>\$ 477,796</u>	<u>\$ 235,621</u>	<u>\$ 346,401</u>	<u>\$ 2,140</u>	<u>\$ 1,061,958</u>

See Accompanying Notes to Basic Financial Statements

# Tobin & Co.

Blair Township  
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
Of Governmental Activities  
For the Year Ended June 30, 2006

Net change in fund balances – total governmental funds	\$ 127,561
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.	16,419
Revenues providing financial resources in the governmental funds are not reported in the statement of activities	(7,386)
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayment during the period.	20,796
Some expenditures reported in the governmental funds are deferred and are not reported as expenses in the statement of activities.	<u>79,463</u>
Changes in net assets of governmental activities	<u>\$ 236,853</u>

See Accompanying Notes to Basic Financial Statements

# Tobin & Co.

Blair Township  
Statement of Net Assets  
Enterprise Water Fund  
June 30, 2006

## Assets

Cash and Cash Equivalents	\$ 943,064
Investments	783,569
Accounts Receivable	32,136
Special Assessments Receivable	1,627,609
Capital Assets:	
Other Capital Assets, Net of Depreciation	6,721,542
Intangible Assets, Net of Amortization	<u>43,652</u>
Total Assets	<u>10,151,572</u>

## Liabilities

Accounts Payable and Accrued Expenses	49,192
Long-term Liabilities:	
Due Within One Year	228,333
Due in More Than One Year	<u>5,699,084</u>
Total Liabilities	<u>5,976,609</u>

## Net Assets

Invested in Capital and Intangible Assets, Net of Related Debt	(1,731,627)
Unrestricted	<u>5,906,590</u>
Total Net Assets	<u>\$ 4,174,963</u>

See Accompanying Notes to Basic Financial Statements

# Tobin & Co.

Blair Township  
Statement of Net Assets  
Enterprise Sewer Fund  
June 30, 2006

## Assets

Cash and Cash Equivalents	\$ 3,790,971
Special Assessments Receivable	4,923,863
Capital Assets:	
Construction in Progress	2,992,456
Intangible Assets, Net of Amortization	<u>51,227</u>
Total Assets	<u>11,758,517</u>

## Liabilities

Accounts Payable and Accrued Expenses	2,998
Long-term Liabilities:	
Due Within One Year	100,000
Due in More Than One Year	<u>5,513,087</u>
Total Liabilities	<u>5,616,085</u>

## Net Assets

Invested in Capital and Intangible Assets, Net of Related Debt	(2,569,404)
Unrestricted	<u>8,711,836</u>
Total Net Assets	<u>\$ 6,142,432</u>

See Accompanying Notes to Basic Financial Statements

# Tobin & Co.

Blair Township  
Statement of Revenues, Expenses and Changes in Net Assets  
Enterprise Water Fund  
For the Year Ended June 30, 2006

Operating Revenues

State Grant	\$ 2,400
Usage and Connection Fees	617,721
Interest and Penalties on Special Assessments	106,787
Tower Rental	31,500
Refunds and Reimbursements	<u>139,525</u>
Total	<u>897,933</u>

Operating Expenses

Salaries and Wages	188
Payroll Taxes	14
Postage	2,662
Supplies	12,931
Contractual Services	109,855
Utilities	22,981
Maintenance and Repairs	17,340
Miscellaneous	1,175
Depreciation	157,005
Amortization	2,568
Debt Service:	
Interest	298,275
Fees	<u>287</u>
Total	<u>625,281</u>

Operating Income	<u>272,652</u>
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Non-operating Income

Interest	<u>32,892</u>
Total	<u>32,892</u>

Net Income	305,544
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Net Assets – Beginning of Year	<u>3,869,419</u>
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Net Assets – End of Year	<u>\$ 4,174,963</u>
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See Accompanying Notes to Basic Financial Statements

# **Tobin & Co.**

Blair Township  
Statement of Revenues, Expenses and Changes in Net Assets  
Enterprise Sewer Fund  
For the Year Ended June 30, 2006

Operating Revenues

Usage and Connection Fees	\$ 18,542
Interest and Penalties on Special Assessments	<u>267,489</u>

Total	<u>286,031</u>
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Operating Expenses

Salaries and Wages	10,566
Payroll Taxes	808
Supplies	507
Contractual Services	3,799
Maintenance and Repairs	2,190
Mileage	220
Printing and Publishing	2,853
Miscellaneous	1,662
Debt Service:	
Interest	<u>104,603</u>

Total	<u>127,208</u>
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Operating Income	<u>158,823</u>
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Non-operating Income

Interest	<u>125,696</u>
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Total	<u>125,696</u>
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Net Income	284,519
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Net Assets – Beginning of Year	-
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Capital Contribution	<u>5,857,913</u>
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Net Assets – End of Year	<u>\$ 6,142,432</u>
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See Accompanying Notes to Basic Financial Statements

# Tobin & Co.

Blair Township  
Statement of Cash Flows  
Enterprise Water Fund  
For the Year Ended June 30, 2006

## Operating Activities

Collection of State Grant	\$ 2,400
Collection of Usage and Connection Fees	616,012
Collection of Special Assessments	110,864
Collection of Interest	32,892
Collection of Tower Rent	31,500
Collection of Refunds and Reimbursements	139,525
Deduct Expenses Using Cash and Cash Equivalents	<u>(414,126)</u>
Net Cash Flow (Used In) Operating Activities	<u>519,067</u>

## Investing Activities

Purchase of Capital Assets	(58,220)
Purchase of Investments	<u>(387,018)</u>
Net Cash Flow (Used In) Investing Activities	<u>(445,238)</u>

## Capital Financing Activities

Collection of Special Assessments	163,926
Principal Payment on Bonds	(149,250)
Principal Payments on Installment Contract	<u>(53,333)</u>
Net Cash Flow From Capital Financing Activities	<u>(38,657)</u>

Net Increase in Cash 35,172

Balance of Cash – Beginning of Year 907,892

Balance of Cash – End of Year \$ 943,064

## Reconciliation of Net (Loss) and Net Cash Flow (Used In) Operating Activities

Net Income	\$ 305,544
Adjustments to Reconcile Net Earnings:	
Decrease in Receivables	73,929
(Decrease) in Payables	(19,979)
Depreciation of Water System	157,005
Amortization of Bond Acquisition Costs	<u>2,568</u>
Net Cash Flow (Used In) Operating Activities	<u>\$ 519,067</u>

See Accompanying Notes to Basic Financial Statements

# Tobin & Co.

Blair Township  
Statement of Cash Flows  
Enterprise Sewer Fund  
For the Year Ended June 30, 2006

## Operating Activities

Collection of Usage and Connection Fees	\$ 18,542
Collection of Special Assessments	267,489
Collection of Interest	125,696
Deduct Expenses Using Cash and Cash Equivalents	<u>(124,210)</u>
Net Cash Flow (Used In) Operating Activities	<u>287,517</u>

## Investing Activities

Purchase of Capital Assets	<u>(2,992,456)</u>
Net Cash Flow (Used In) Investing Activities	<u>(2,992,456)</u>

## Capital Financing Activities

Collection of Special Assessments	934,050
Bond Proceeds	<u>5,561,860</u>
Net Cash Flow From Capital Financing Activities	<u>6,495,910</u>

<u>Net Increase in Cash</u>	3,790,971
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<u>Balance of Cash – Beginning of Year</u>	<u>—</u>
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<u>Balance of Cash – End of Year</u>	<u>\$ 3,790,971</u>
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## Reconciliation of Net (Loss) and Net Cash Flow (Used In) Operating Activities

Net Income	\$ 284,519
Adjustments to Reconcile Net Earnings:	
Increase in Payables	<u>2,998</u>
Net Cash Flow (Used In) Operating Activities	<u>\$ 287,517</u>

See Accompanying Notes to Basic Financial Statements

# **Tobin & Co.**

Blair Township  
Statement of Fiduciary Net Assets  
June 30, 2006

Assets

Cash	\$ 12,799
Total Assets	<u>12,799</u>

Liabilities

Escrow Deposits	<u>12,799</u>
Total Liabilities	<u>12,799</u>
Net Assets	<u>\$ -</u>

See Accompanying Notes to Basic Financial Statements

# Tobin & Co.

## Blair Township Notes to Financial Statements June 30, 2006

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

Blair Township is a general law township located in Grand Traverse County. Population as of the 2000 census was 6,448, and the current taxable valuation for taxable property is \$181,805,475.

The Township's basic financial statements include the accounts of all Township operations. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "*The Financial Reporting Entity*" includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

#### B. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Township. The effect of interfund activity, within the governmental activities column, has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

#### Fund Financial Statements:

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Township has presented the following governmental funds:

General Fund – This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions or grants, and other intergovernmental revenues.

Special Revenue Funds – These funds are used to account for specific governmental revenues (other than expendable trusts and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Proprietary Funds – These funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets and liabilities are included in the statement of net assets.

#### Fiduciary Funds

These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

# **Tobin & Co.**

Blair Township  
Notes to Financial Statements  
June 30, 2006

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **C. Measurement Focus/Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund and agency fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenue susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

### **D. Budgets**

The General Fund and Special Revenue Funds are under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

In the body of the financial statements and the required supplementary schedules, the Township's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the activity or cost center level.

For budgetary purposes appropriations lapse at fiscal year end.

### **E. Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns or business-type activities in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest is capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$5,000 or \$1,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	40 years
Building Improvements	25 years
Land Improvements	20 years
Furniture and Fixtures	10 years
Vehicles	10 years
Equipment	5 years

# Tobin & Co.

## Blair Township Notes to Financial Statements June 30, 2006

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### F. Cash and Cash Equivalents

For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments with a remaining maturity of three months or less when purchased to be cash equivalents.

#### G. Investments

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

#### H. Prepaid Items

Prepaid balances are for payments made by the Township in the current year to provide services accruing in subsequent fiscal years.

#### I. Property Tax Procedures and Collections

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and/or December 1. Real property taxes are collected by the Township Treasurer through February 28 of each year. As of March 1, uncollected real property taxes are returned delinquent to, and collected by, the County Treasurer. Personal property taxes remain the responsibility of the Township Treasurer to collect. It is the policy of the Township to record the real property taxes in the year of levy.

During the collection period prior to March 1, the Township Treasurer makes distribution of the property tax collections to the various taxing units (County, School District, etc.) as required by statute.

For the fiscal year the Township levied property taxes as follows:

	SEV	Taxable Value	Millage Rate
General Operating	\$239,510,232	\$181,805,475	.8511
Fire and Police	\$223,848,737	\$169,917,275	2.500
Emergency Service	\$239,510,232	\$181,805,475	1.4614

#### J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. We noted no violations of legal provisions and/or contractual provisions of various agreements related to financial matters.
- B. All funds had positive fund balances at June 30, 2006.
- C. Public Act 621 of 1978, §18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. For the year ended June 30, 2006, no cost centers exceeded their appropriation without formal budget amendment.

# **Tobin & Co.**

Blair Township  
Notes to Financial Statements  
June 30, 2006

E 3 -

## **DEPOSITS WITH FINANCIAL INSTITUTIONS**

### **A. Legal Provisions for Deposits and Investments**

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- (1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- (2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).
- (3) In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
- (4) Repurchase agreements consisting of instruments defined in (1) above.
- (5) In bankers' acceptances of United States Banks.
- (6) Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (7) In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

### **B. Types of Deposits and Investments**

The Township had \$3,180,143 deposited with local financial institutions at June 30, 2006 with a carrying value of \$3,160,353. Interpreting the FDIC insurance coverage of \$100,000 of demand deposits and \$100,000 of time deposits per financial institution, the Township had \$2,086,553 of uninsured deposits at June 30, 2006. Investments at June 30, 2006 consisted of \$783,569 of commercial paper held by a local financial institution and fully insured. In addition the Township had cash at Grand Traverse County as fiscal agent. The insured status of these amounts is unknown.

# Tobin & Co.

## Blair Township Notes to Financial Statements June 30, 2006

### NOTE 4 - CAPITAL/INTANGIBLE ASSETS

	<u>6/30/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/06</u>
Governmental Activities:				
Land and Improvements	\$ 233,105	\$ -	\$ -	\$ 233,105
Buildings and Improvements	495,235	21,892	-	517,127
Vehicles and Equipment	666,093	69,353	-	735,446
Total	1,394,433	91,245	-	1,485,678
Less Accumulated Depreciation	(734,962)	(68,633)	-	(803,595)
Governmental Activities Assets, Net	<u>\$ 659,471</u>	<u>\$ 22,612</u>	<u>\$ -</u>	<u>\$ 682,083</u>
Business-type Activities:				
Building Improvements	\$ -	\$ 21,609	\$ -	\$ 21,609
Water System	7,635,561	36,611	-	7,672,172
Equipment	30,768	-	-	30,768
Sewer System – Construction in Progress	-	2,992,456	-	2,992,456
Total	7,666,329	3,050,676	-	10,717,005
Less Accumulated Depreciation	(846,032)	(156,975)	-	(1,003,007)
Business-type Activities Capital Assets, Net	<u>\$ 6,820,297</u>	<u>\$ 2,893,701</u>	<u>\$ -</u>	<u>\$ 9,713,998</u>

Governmental intangible assets at June 30, 2006 consisted of major improvements to roads owned and maintained by Grand Traverse County: Road costs of \$123,859 less accumulated amortization of \$10,010. Business-type intangible assets consisted of bond origination costs of \$115,421 less accumulated amortization of \$20,542.

### NOTE 5 - LONG-TERM DEBT

On July 1, 1998 Grand Traverse County issued \$6,550,000 of Water System Improvements Project Bonds at interest rates ranging from 4.75 % to 5.2% with principal payments due November 1 and interest payments due May 1 and November 1. The proceeds were used to construct a water system in Blair Township.

A \$480,000 non-interest bearing installment purchase agreement dated July 21, 1998 was entered into with Cherryland Rural Electrical Cooperative. Monthly principal only payments of \$4,444 began August 1, 1999. The proceeds were used to construct a water system for Blair Township.

On January 14, 2003, the Township entered into an installment lease purchase agreement for the purchase of a new ambulance. Interest and principal payments are due January 14 with interest at 4.15%.

On October 20, 2005 Grand Traverse County issued \$5,675,000 of Sewer System Improvement Project Bonds at interest rates ranging from 3% to 4.3% with principal payments due November 1 and interest payments May 1 and November 1. The proceeds were used to construct a sewer system in Blair Township.

Changes in long-term debt are scheduled below:

	<u>Balance</u> <u>6/30/05</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/06</u>
Water System Improvement Project Bonds	\$ 6,000,000	\$ -	\$ 150,000	\$ 5,850,000
Rural Electrical Cooperative Installment Note	160,000	-	53,333	106,667
Ambulance Installment Note	42,455	-	20,796	21,659
Sewer System Improvements Project Bonds	-	5,675,000	-	5,675,000
Total	6,202,455	5,675,000	224,129	11,653,326
Less Discounts	(30,000)	(61,913)	(750)	(91,163)
	<u>\$ 6,172,455</u>	<u>\$ 5,613,087</u>	<u>\$ 223,379</u>	<u>\$11,562,163</u>

# Tobin & Co.

Blair Township  
Notes to Financial Statements  
June 30, 2006

## NOTE 5 - LONG-TERM DEBT (Continued)

Debt services requirements to maturity:

	Water and Sewer System		Installment Contracts Payable		
	<u>Improvements Projects Bonds</u>		<u>Water System</u>	<u>Ambulance</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Improvements</u> <u>Principal</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 275,000	\$ 512,587	\$ 26,666	\$ 21,659	\$ 899
2007	375,000	499,775	53,333		
2008	425,000	485,362	26,668		
2009	450,000	467,976			
2010	525,000	449,975			
2011	525,000	427,981			
2012	575,000	405,325			
2013	575,000	380,463			
2014	650,000	353,661			
2015	650,000	324,950			
2016	650,000	295,325			
2017	650,000	265,300			
2018	700,000	235,275			
2019	725,000	202,175			
2020	750,000	167,700			
2021	750,000	132,506			
2022	750,000	97,138			
2023	775,000	61,019			
2024	375,000	24,187			
2025	375,000	8,063			
	<u>\$ 11,525,000</u>	<u>\$ 5,796,743</u>	<u>\$ 106,667</u>	<u>\$ 21,659</u>	<u>\$ 899</u>

## NOTE 6 - INVENTORIES

Blair Township does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expenses when purchased.

## NOTE 7 - PENSION PLAN

The Blair Township Pension Plan is a defined contribution pension plan administered by Municipal Retirement Systems, Inc. By Board resolution, the Township pays the entire cost of the plan, based on 11% of the total of participants' prior year forms W-2.

The plan covers all elected officials, deputies, and all full-time employees.

Contributions are 100% vested to the employee after 20 months of service.

The plan is administered by the Township Clerk.

During the year of audit, the total contribution for the plan year, February 1, 2005 to January 31, 2006 was \$64,527. Covered payroll for the year was \$615,043 with total payroll for all employees \$766,853. The plan was funded at the required amount.

# Tobin & Co.

## Blair Township Notes to Financial Statements June 30, 2006

### NOTE 8 - DEFERRED COMPENSATION PLAN

Blair Township offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan is administered by the Township Clerk and is available to all full-time employees. The plan allows employees to defer a portion of their salary until a future date. It becomes available to the employee at death, termination, retirement or disability.

### NOTE 9 - ACCOUNTS RECEIVABLE

Accounts receivable of \$16,091 in the General Fund represents \$14,464 of cable franchise fees, and \$1,627 of election cost reimbursement from a local school district of the audit year collected after July 1, 2006. \$57,206 in the Ambulance Fund represents amounts due from individuals for ambulance service. \$32,136 in the Water Fund represents unpaid water bills.

### NOTE 10- CONTINGENT LIABILITIES

The Township is aware of no contingent liabilities at June 30, 2006.

### NOTE 11- COMPENSATED ABSENCES

Full-time Township employees (scheduled to work a minimum of 24 hours per week) earn non-cumulative vacation leave based upon average hours per work week and years of service. They also earn sick leave at ½ day per month, not to exceed twelve days at any given point in time. Salaried employees are paid for all sick days with no accrual of days.

### NOTE 12- RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the audit year the Township addressed these risks through the purchase of commercial insurance through Municipal Underwriters of Michigan. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

### NOTE 13- SEGMENT INFORMATION – ENTERPRISE FUND

The Township maintains enterprise funds which provide water and sewer services. Segment information for the year ended June 30, 2006 was as follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating Revenues	\$ 897,933	\$ 286,031	\$ 1,183,964
Depreciation and Amortization Expense	159,573	-	159,573
Operating Income	272,652	158,823	431,475
Net Income	305,544	284,519	590,063
Net Working Capital	1,585,540	4,015,574	5,601,114
Total Assets	10,151,572	11,758,517	21,910,089
Bonds and Other Long-Term Liabilities:			
Payable from Operating Revenues	5,927,417	5,613,087	11,540,504
Total Equity	4,174,963	6,142,432	10,317,395

SUPPLEMENTAL DATA SECTION

# Tobin & Co.

## Blair Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund For the Year Ended June 30, 2006

Schedule I  
Page I

<u>Revenues</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
Property Taxes	\$ 145,000	\$ 145,000	\$ 155,210	\$ 10,210
Swamp Tax	2,100	2,100	2,179	79
Trailer Park Fees	900	900	535	(365)
Special Assessments – Roads and Lights	22,000	22,000	22,299	299
Licenses and Permits:				
Permits	15,000	15,000	21,227	6,227
Cable TV Franchise Fees	50,000	50,000	57,847	7,847
Federal Grants:				
Elections	-	50,376	50,376	-
State Grants:				
State Shared Revenues	425,000	425,000	470,943	45,943
Metro Act	-	-	8,534	8,534
Charges for Services:				
Tax Collection Fees	19,000	19,000	14,248	(4,752)
Other	7,000	7,000	4,951	(2,049)
Interest and Rents:				
Interest	4,000	4,000	16,493	12,493
Rent	20,000	20,000	20,600	600
Other:				
Refunds and Reimbursements	17,000	17,000	9,400	(7,600)
Donations	-	7,824	8,866	1,042
Total Revenues	<u>727,000</u>	<u>785,200</u>	<u>863,708</u>	<u>78,508</u>
<u>Expenditures</u>				
Legislative:				
Township Board:				
Salaries and Wages	-	-	30,626	-
Supplies and postage	-	-	9,510	-
Professional Services	-	-	22,311	-
Other Contracted Services	-	-	33,089	-
Dues	-	-	3,670	-
Mileage and Travel	-	-	159	-
Maintenance and Repairs	-	-	187	-
Printing and Advertising	-	-	3,598	-
Other	-	-	471	-
Total	<u>124,555</u>	<u>124,555</u>	<u>103,621</u>	<u>20,934</u>
Total Legislative	<u>124,555</u>	<u>124,555</u>	<u>103,621</u>	<u>20,934</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

## Blair Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund For the Year Ended June 30, 2006

Schedule 1  
Page 2

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u>
<u>Expenditures (Continued)</u>				<u>(Unfavorable)</u>
General Government:				
Township Supervisor:				
Salaries and Wages	-	-	41,795	-
Supplies	-	-	567	-
Mileage and Travel	-	-	853	-
Total	<u>43,895</u>	<u>43,895</u>	<u>43,215</u>	<u>680</u>
Elections:				
Salaries and Wages	-	-	1,483	-
Supplies and Postage	-	-	5,339	-
Other Services	-	-	523	-
Education and Training	-	-	1,562	-
Publishing	-	-	40	-
Total	<u>23,000</u>	<u>23,000</u>	<u>8,947</u>	<u>14,053</u>
Assessor:				
Salaries and Wages	-	-	40,151	-
Salaries and Wages - Clerical	-	-	16,964	-
Supplies and Postage	-	-	3,565	-
Other Services	-	-	1,237	-
Dues	-	-	150	-
Total	<u>67,775</u>	<u>67,775</u>	<u>62,067</u>	<u>5,708</u>
Clerk:				
Salaries and Wages	-	-	40,600	-
Salaries and Wages - Deputy	-	-	24,224	-
Supplies and Postage	-	-	1,609	-
Other Services	-	-	862	-
Professional Services	-	-	1,207	-
Mileage and Travel	-	-	254	-
Total	<u>73,281</u>	<u>73,281</u>	<u>68,756</u>	<u>4,525</u>
Board of Review:				
Salaries and Wages	-	-	1,260	-
Printing and Publishing	-	-	94	-
Total	<u>2,400</u>	<u>2,400</u>	<u>1,354</u>	<u>1,046</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

Blair Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
General Fund  
For the Year Ended June 30, 2006

Schedule 1  
Page 3

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Expenditures (Continued)</u>	<u>Original</u>	<u>Final</u>		
General Government (Continued):				
Treasurer:				
Salaries and Wages	-	-	37,530	-
Salaries and Wages – Deputy	-	-	22,984	-
Supplies and Postage	-	-	8,656	-
Other Services	-	-	1,030	-
Professional Services	-	-	949	-
Mileage and Travel	-	-	1,300	-
Printing and Publishing	-	-	51	-
Education and Training	-	-	748	-
Total	<u>78,208</u>	<u>78,208</u>	<u>73,248</u>	<u>4,960</u>
Township Hall and Grounds:				
Salaries and Wages	-	-	25,129	-
Supplies	-	-	4,249	-
Other Services	-	-	1,777	-
Telephone	-	-	1,707	-
Public Utilities	-	-	8,667	-
Maintenance and Repairs	-	-	1,870	-
Total	<u>61,766</u>	<u>61,766</u>	<u>43,399</u>	<u>18,367</u>
Cemetery:				
Salaries and Wages	-	-	1,724	-
Supplies	-	-	820	-
Public Utilities	-	-	201	-
Maintenance and Repairs	-	-	2,040	-
Total	<u>9,715</u>	<u>9,715</u>	<u>4,785</u>	<u>4,930</u>
Total General Government	<u>360,040</u>	<u>360,040</u>	<u>305,771</u>	<u>54,269</u>
Public Safety:				
Planning and Zoning:				
Salaries and Wages	-	-	71,108	-
Supplies and Postage	-	-	2,545	-
Outside Services	-	-	1,840	-
Mileage and Travel	-	-	1,194	-
Printing and Publishing	-	-	1,640	-
Education and Training	-	-	1,032	-
Total	<u>97,150</u>	<u>97,150</u>	<u>79,359</u>	<u>17,791</u>
Total Public Safety	<u>97,150</u>	<u>97,150</u>	<u>79,359</u>	<u>17,791</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

Blair Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
General Fund  
For the Year Ended June 30, 2006

Schedule 1  
Page 4

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Expenditures (Continued)</u>				
Public Works:				
Road Maintenance and Improvements	37,500	87,500	50,000	37,500
Street Lighting	<u>16,000</u>	<u>16,000</u>	<u>10,318</u>	<u>5,682</u>
Total Public Works	<u>53,500</u>	<u>103,500</u>	<u>60,318</u>	<u>43,182</u>
Recreation and Cultural:				
Parks and Recreation:				
Salaries and Wages	-	-	5,593	-
Supplies	-	-	776	-
Other Services	-	-	8,189	-
Maintenance and Repairs	<u>-</u>	<u>-</u>	<u>288</u>	<u>-</u>
Total	<u>19,250</u>	<u>19,250</u>	<u>14,846</u>	<u>4,404</u>
Total Recreation and Cultural	<u>19,250</u>	<u>19,250</u>	<u>14,846</u>	<u>4,404</u>
Other:				
Employee Benefits and Insurance	<u>65,539</u>	<u>187,789</u>	<u>195,901</u>	<u>(8,112)</u>
Capital Outlay	<u>57,550</u>	<u>115,750</u>	<u>80,232</u>	<u>35,518</u>
Contingency	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total Expenditures	<u>802,584</u>	<u>1,033,034</u>	<u>840,048</u>	<u>192,986</u>
<u>Excess Revenues (Expenditures)</u>	(1) <u>\$ (75,584)</u>	<u>\$ (247,834)</u>	23,660	<u>\$ 271,494</u>
Fund Balance – Beginning of Year			<u>454,136</u>	
Fund Balance – End of Year			<u>\$ 477,796</u>	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

Blair Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Fire and Police Fund  
For the Year Ended June 30, 2006

Schedule 2

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>Revenues</u></b>			
Taxes:			
Current Property Taxes	\$ 426,264	\$ 424,791	\$ (1,473)
Charges for Services:			
Extrication Fees	3,000	2,250	(750)
Interest and Rents:			
Interest	600	5,273	4,673
Rents	4,000	4,000	-
Other:			
Donations and Reimbursements	3,000	10,052	7,052
Other	<u>1,500</u>	<u>-</u>	<u>(1,500)</u>
Total	<u>438,364</u>	<u>446,366</u>	<u>8,002</u>
<b><u>Expenditures</u></b>			
Salaries and Wages	-	90,649	-
Salaries and Wages - Contractual	-	63,044	-
Social Security and Medicare	-	6,931	-
Pension	-	8,078	-
Supplies and Postage	-	8,829	-
Contractual Services	-	177,202	-
Professional Services	-	9,730	-
Rent	-	10,000	-
Telephone	-	1,448	-
Community Promotion	-	419	-
Insurance	-	9,000	-
Public Utilities	-	5,679	-
Maintenance and Repairs – Vehicles	-	3,036	-
Maintenance and Repairs – Other	-	2,367	-
Capital Outlay	<u>-</u>	<u>200</u>	<u>-</u>
Total	<u>443,404</u>	<u>396,612</u>	<u>46,792</u>
<b><u>Excess Revenues (Expenditures)</u></b>	(1) <u>\$ (5,040)</u>	49,754	<u>\$ 54,794</u>
Fund Balance – Beginning of Year		<u>185,867</u>	
Fund Balance – End of Year		<u>\$ 235,621</u>	
(1) Budgeted from Fund Balance			

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

Blair Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Ambulance Fund  
For the Year Ended June 30, 2006

Schedule 3

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes:			
Current Property Taxes	\$ 273,600	\$ 266,432	\$ (7,168)
Charges for Services:			
Ambulance Runs	225,000	259,062	34,062
Contracts	13,000	15,287	2,287
Interest and Rents:			
Interest	2,000	5,193	3,193
Other:			
Sale of Equipment	500	-	(500)
Refunds and Reimbursements	400	4,510	4,110
Donations and Memorials	400	7,874	7,474
<b>Total</b>	<u>514,900</u>	<u>558,358</u>	<u>43,458</u>
<b>Expenditures</b>			
Salaries and Wages	-	265,105	-
Social Security and Medicare	-	21,367	-
Pension	-	16,805	-
Supplies and Postage	-	6,613	-
Gasoline	-	9,338	-
Medical Supplies	-	21,713	-
Uniforms	-	3,573	-
Professional and Other Services	-	34,100	-
License Fees	-	250	-
Rent	-	10,000	-
Medical Services	-	17,975	-
Telephone	-	3,919	-
Mileage and Travel	-	59	-
Merit Awards	-	-	-
Maintenance and Repairs – Vehicles and Equipment	-	11,978	-
Community Promotion	-	631	-
Insurance	-	28,691	-
Utilities	-	5,427	-
Maintenance and Repairs – Building	-	1,713	-
Other	-	3,281	-
Education and Training	-	1,216	-
Capital Outlay	-	18,479	-
Debt Service	-	22,557	-
<b>Total</b>	<u>580,286</u>	<u>504,790</u>	<u>75,496</u>
<b>Excess Revenues (Expenditures)</b>	(1) \$ <u>(65,386)</u>	53,568	<u>\$ 118,954</u>
Fund Balance – Beginning of Year		<u>292,833</u>	
Fund Balance – End of Year		<u>\$ 346,401</u>	
(1) Budgeted from Fund Balance			

The Notes to the Basic Financial statements are an integral part of this statement.

# Tobin & Co.

Blair Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Liquor Law Enforcement Fund  
For the Year Ended June 30, 2006

Schedule 4

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
State Grants:				
License Refunds	\$ 2,500	\$ 2,500	\$ 2,100	\$ (400)
Total	2,500	2,500	2,100	(400)
<u>Expenditures</u>				
Salaries and Wages	-	-	1,274	-
Social Security and Medicare	-	-	137	-
Mileage	-	-	110	-
Total	1,776	1,776	1,521	255
<u>Excess Revenues (Expenditures)</u>	<u>\$ 724</u>	<u>\$ 724</u>	579	<u>\$ (145)</u>
Fund Balance – Beginning of Year			1,561	
Fund Balance – End of Year			<u>\$ 2,140</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

Blair Township  
Combining Statement of Changes in Assets and Liabilities  
All Agency Funds  
For the Year Ended June 30, 2006

Schedule 5

	Trust and Agency Fund		
	Balance 6/30/05	Additions	Deductions
<u>Assets</u>			
Cash	\$ 6,831	\$ 60,955	\$ 47,601
Total Assets	\$ 6,831	\$ 60,955	\$ 47,601
<u>Liabilities</u>			
Undistributed Taxes and Interest	\$ -	\$ -	\$ -
Escrow Deposits	6,831	60,955	47,601
Total Liabilities	\$ 6,831	\$ 60,955	\$ 47,601

	Current Tax Collection Fund		
	Balance 6/30/05	Additions	Deductions
<u>Assets</u>			
Cash	\$ 9,050	\$ 6,063,439	\$ 6,056,324
Total Assets	\$ 9,050	\$ 6,063,439	\$ 6,056,324
<u>Liabilities</u>			
Undistributed Taxes and Interest	\$ 9,050	\$ 6,063,439	\$ 6,056,324
Escrow Deposits	-	-	-
Total Liabilities	\$ 9,050	\$ 6,063,439	\$ 6,056,324

	Total		
	Balance 6/30/05	Additions	Deductions
<u>Assets</u>			
Cash	\$ 15,881	\$ 6,124,394	\$ 6,103,925
Total Assets	\$ 15,881	\$ 6,124,394	\$ 6,103,925
<u>Liabilities</u>			
Undistributed Taxes and Interest	\$ 9,050	\$ 6,063,439	\$ 6,056,324
Escrow Deposits	6,831	60,955	47,601
Total Liabilities	\$ 15,881	\$ 6,124,394	\$ 6,103,925

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

Blair Township  
2005 Property Tax Levy and Collections  
For the Year Ended June 30, 2006

Schedule 6

	<u>Millage Rate</u>	<u>Adjusted Levy</u>	<u>Collected</u>	<u>Returned Delinquent</u>
County	5.0815	\$ 926,821	\$ 847,953	\$ 78,868
Commission on Aging	0.4955	90,225	81,797	8,428
Medical Care Facility	0.6725	122,645	111,023	11,622
B.A.T.A.	0.3380	61,633	55,793	5,840
State Education	6.0000	1,090,819	1,022,416	68,403
School District:				
Traverse City	21.1000	1,786,726	1,666,369	120,357
Kingsley	21.6021	84,396	77,833	6,563
Intermediate School District	2.9589	539,674	503,907	35,767
Community College	2.9427	536,591	493,459	43,132
District Library	1.1590	211,378	191,335	20,043
Township:				
General	0.8511	155,230	140,513	14,717
Fire and Police	2.5000	424,780	383,825	40,955
Ambulance (Emergency) Service	1.4614	266,536	241,281	25,255
Other Taxes on Roll:				
State Commercial Forest		235	235	-
Special Assessments:				
Township – Water		93,589	55,243	38,346
Township – Roads		10,361	8,878	1,483
Township – Street Lights		12,052	9,636	2,416
Township Water Bills		<u>19,641</u>	<u>14,644</u>	<u>4,997</u>
Total		<u>\$ 6,433,332</u>	<u>\$ 5,906,140</u>	<u>\$ 527,192</u>
Percent of Levy Collected		91.81%		

The Notes to the Basic Financial Statements are an integral part of this statement.